

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1809 – SB 2233

February 27, 2018

SUMMARY OF ORIGINAL BILL: Combines the disciplines of barbering and cosmetology by eliminating licenses under the barbering discipline and creating uniform cosmetology/barbering licenses for individual licensees, shops and schools. Eliminates the requirement for a license to perform natural hair styling services and the requirement for shops and schools specializing in natural hair styling to be licensed.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue –

\$3,200/FY18-19/Board of Cosmetology and Barber Examiners

\$6,500/FY19-20 and Subsequent Years/

Board of Cosmetology and Barber Examiners

Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Board of Cosmetology and Barber Examiners experienced a deficit of \$163,666 in FY15-16, a surplus of \$50,787 in FY16-17, and had a cumulative reserve balance of \$281,620 on June 30, 2017.

The Governor's proposed budget for FY18-19, on page A-37, recognizes a recurring decrease in state revenue to the Board of Cosmetology and Barber Examiners in the amount of \$6,500.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Expenditures – \$3,200/FY18-19

\$6,500/FY19-20 and Subsequent Years

SUMMARY OF AMENDMENTS (013368, 013777): Amendment 013368 deletes and rewrites all language after the enacting clause. Combines the disciplines of barbering and cosmetology by eliminating licenses under the barbering discipline and creating uniform cosmetology/barbering licenses for individual licensees, shops and schools.

Specifies statutory references to exceptions under Tenn. Code Ann. § 62-4-125(d)(2)(A)-(G) for when it is unlawful for a person licensed to practice cosmetology/barbering outside of a shop or school.

Exempts any cosmetology/barber shop that was registered as a barber shop prior to the conversion of the cosmetology/barber shop license and whose registration has been continuously renewed or reinstated within any applicable grace period, from being required to comply with the

requirements for the physical dimensions of the shop as long as they continue to comply with the physical dimension requirements for barber shop registration at the time of the conversion.

Establishes that a person who meets an exception to providing services in a cosmetology/barber shop under Tenn. Code Ann. § 62-4-125 shall not be required to obtain a residential cosmetology/barber certificate unless that certificate is the basis for the exception.

Amendment 013777 deletes and replaces language in the bill as amended by amendment 013368, to require a certified natural hair stylist to complete at least 100 hours of training in the practice and theory of natural hair styling at a hair styling school or cosmetology before using the title or knowingly allowing themselves to be identified by the title “certified natural hair stylist”. Establishes that a violation of this part is considered an unfair or deceptive act or practice affecting the conduct of trade or commerce pursuant to the *Tennessee Consumer Protection Act of 1977*.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

NOT SIGNIFICANT

The Governor’s proposed budget for FY18-19, on page A-37, recognizes a recurring decrease in state revenue to the Board of Cosmetology and Barber Examiners in the amount of \$6,500.

Assumptions for the bill as amended:

- For the purpose of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect January 1, 2019, the public welfare requiring it
- Combining the disciplines of barbering and cosmetology will not change the licensure fees or the educational requirements already established by the Board of Cosmetology and Barber Examiners (BCBE).
- The BCBE can promulgate any necessary rules during regularly-scheduled Board meetings at no additional cost.
- The Division of Consumer Affairs can handle any increase in formal complaints, utilizing existing staff during normal work hours.
- Committing an unfair or deceptive practice under the *Consumer Protection Act of 1977* is a Class B misdemeanor offense.
- There will not be a sufficient number of Class B misdemeanor prosecutions for state or local government to experience any significant increase in revenue or expenditures.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The BCBE experienced a deficit of \$163,666 in FY15-16, a surplus of \$50,787 in FY16-17, and had a cumulative reserve balance of \$281,620 on June 30, 2017.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption for the bill as amended:

- Combining the disciplines of barbering and cosmetology, and making the proposed changes to the practice of natural hair styling, will have no significant impact on jobs or commerce in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/vlh